



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Expenditure Limitation Report

# Pima County Community College District

Year Ended June 30, 2004

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**Debra K. Davenport**  
Auditor General

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Pima County Community College District  
Report on Audit of Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2004

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**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Pima County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Pima County Community College District for the year ended June 30, 2004. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Budgeted Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Budgeted Expenditure Limitation Report of Pima County Community College District for the year ended June 30, 2004, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Governing Board, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA  
Financial Audit Director

December 9, 2004

Pima County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year Ended June 30, 2004

1. Economic Estimates Commission expenditure limitation		\$83,648,144
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$85,306,396	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>1,658,253</u>	
4. Adjusted amount subject to the expenditure limitation		<u>83,648,143</u>
5. Amount under the expenditure limitation		<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: \_\_\_\_\_

Name and Title: Janice M. Stroh, Vice Chancellor for Finance and Administrative Services

Telephone Number: (520) 206-4519 Date: December 9, 2004

See accompanying notes to report.

Pima County Community College District  
Annual Budgeted Expenditure Limitation Report—Part II  
Year Ended June 30, 2004

Description	Current Funds			Plant Funds		Total
	Unrestricted			Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises	Restricted			
A. Total budgeted expenditures	\$ 105,716,666	\$ 400,314	\$ 28,380,516	\$ 10,653,572	\$ 21,376,102	\$ 166,527,170
B. Less exclusions claimed:						
Bond proceeds (Note 2)				4,280,792		4,280,792
Debt service requirements on bonded indebtedness (Note 3)					19,637,320	19,637,320
Debt service requirements on other long-term obligations (Note 3)					1,577,742	1,577,742
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	457,102	8,535	7,699	371,181	109,814	954,331
Grants and aid from the federal government (Note 5)	12,277		24,715,916		51,226	24,779,419
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	48,556	29,103	524,356			602,015
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements				2,654,800		2,654,800
Contracts with other political subdivisions (Note 5)	1,798,659					1,798,659
Tuition and fees (Notes 5 and 6)	24,935,696					24,935,696
Total exclusions claimed	<u>27,252,290</u>	<u>37,638</u>	<u>25,247,971</u>	<u>7,306,773</u>	<u>21,376,102</u>	<u>81,220,774</u>
C. Amounts subject to the expenditure limitation	<u>\$ 78,464,376</u>	<u>\$ 362,676</u>	<u>\$ 3,132,545</u>	<u>\$ 3,346,799</u>	<u>\$ -</u>	<u>\$ 85,306,396</u>

Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2004

Note 1 - Summary of Significant Accounting Policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21 from the total budgeted expenditures.

The information reported in both the ABELR and the financial statements is derived from the same underlying accounting data. However, the formats of the ABELR and the financial statements differ. The ABELR presents budgeted expenditures, exclusions, and amounts subject to the limitation by fund type as required by A.R.S. §41-1279.07. The financial statements present the net assets, changes in net assets, and cash flows for the District as a whole in accordance with U.S. generally accepted accounting principles.

In accordance with the UERS requirements, a note to the ABELR is presented below for any exclusion reported in the Total column on Part II that cannot be traced directly to an amount reported in the annual financial statements.

Note 2 - Of the \$7,412,909 reported as purchases of capital assets and the \$28,939,794 reported as payments to suppliers on the Statement of Cash Flows, only \$4,280,792 was expended from bond proceeds and claimed as an exclusion.

Note 3 - Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations are \$19,637,320 and \$1,577,742, respectively. Both amounts are included in the amounts reported as principal paid on capital debt and interest paid on capital debt on the Statement of Cash Flows.

Note 4 - Of the \$954,530 reported as investment income on the Statement of Revenues, Expenses, and Changes in Net Assets, only \$954,331 was claimed as an exclusion because \$199 of investment income of the student loan fund is not subject to the expenditure limitation.

Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2004

Note 5 - The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government, contracts with other political subdivisions, and tuition and fees:

<b>Statement of Revenues, Expenses, and Changes in Net Assets:</b>		<b>ABELR:</b>	
Federal grants and contracts	\$24,845,423	Grants and aid from the federal government	\$24,779,419
State and local grants and contracts	6,814,457	Contracts with other political subdivisions	1,798,659
Capital gifts and grants	<u>1,329,226</u>	Tuition and fees (Note 6)	<u>3,467,095</u>
		Total exclusion claimed	<u>30,045,173</u>
		Other revenues (nonexcludable)	<u>2,943,933</u>
Total	<u>\$32,989,106</u>	Total	<u>\$32,989,106</u>

Note 6 - Exclusions claimed for tuition and fees include the amount of scholarship allowance reported on the Statement of Revenues, Expenses, and Changes in Net Assets. Of the gross tuition and fees of \$31,024,834, only \$21,468,601 was expended and claimed as an exclusion. The remaining \$9,556,233 has been carried forward to future years. In addition, \$3,467,095 reported as part of the \$6,814,457 in state and local grants and contracts on the Statement of Revenues, Expenses, and Changes in Net Assets was for contract instruction tuition and was also claimed as an exclusion.